



State of Washington
Department of Revenue

Excise Tax Advisory

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MATERIALS USED IN WELDING PROCESSES

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Are sales of oxygen, acetylene, welding rod, or flux used in welding processes exempt from Retail Sales Tax liability?

The taxpayer, a distributor of welding supplies to industrial concerns, shops, and garages, sought relief from collecting Retail Sales Tax upon sales of oxygen, acetylene, and flux. The taxpayer contended that his customers' use of these items was such as to establish them exempt from Sales Tax under RCW 82.04.050.

Under the definition of the term "sale at retail" in RCW 82.04.050 the Retail Sales Tax applies to every sale of tangible personal property except (1) property resold in its original form, or (2) property resold as an ingredient or component part of an article manufactured, produced, or repaired. All other sales are sales at retail. The fact that an article may be entirely consumed in producing something else that is sold or the fact that an article is essential to a manufacturing or repairing process is not determinative.

Oxygen and acetylene are used in welding or cutting to produce the intense heat necessary to melt the base metal, the welding rod being added to form a bond between two surfaces. The rod becomes a component of the article being repaired or manufactured and therefore may be purchased for resale. However, the gases are entirely consumed in this process and do not in any sense become component parts of the repair job or the manufactured article. Accordingly, sales to manufacturers or repairmen of oxygen and acetylene for the uses described herein are retail sales upon which the Retail Sales Tax must be collected by the vendor.

ETBS have been made Excise Tax Advisories, and have retained their old number. Advisories with a 2 (plus three digits) are new advisories, ETBs that have been revised and readopted after review under the Department's regulatory improvement program, or advisories that have been revised and/or readopted.

Please direct comments to:
Department of Revenue
Legislation & Policy Division
P O Box 47467
Olympia, Washington 98504-7467
(360) 753-4161 eta@DOR.wa.gov

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Flux is used on nonferrous and cast iron welds to clean metal, prevent oxidation and other forms of corrosion; all of which promote a better weld. During this process flux does not physically become a part of the molten metal and upon completion of the welding process, the flux is removed. Since the flux does not become a component of an article produced for sale but rather, is "used" by a welder in much the same fashion as his welding equipment or other consumable supplies, the Retail Sales Tax applies.

An exception however, is agglomerated alloy flux used in the submerged arc welding process. Such highly specialized low alloy fluxes are usually used with mild steel electrodes. The alloy in the weld deposit comes from the flux. When it melts in the arc, the alloy in the flux combines with the molten metal from the electrode and base metal to produce a deposit of the exact analysis desired. Thus, the agglomerated alloy fluxes not only accomplish the usual cleaning and the oxidation processes, but also contribute alloy ingredients to the metal being processed for sale. Upon acceptance of a resale certificate, sale of agglomerated alloy fluxes to persons who apply such material in the submerged arc welding process in the course of producing metal work for sale will not be subject to the Retail Sales Tax and should be reported under the Business and Occupation Tax classification "Wholesaling-All Others."